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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-187

KEWANEE OIL COMPANY, *Petitioner*,

v.

BICRON CORPORATION, ET AL., *Respondents*.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

MOTION OF MANUFACTURING CHEMISTS ASSOCIATION FOR LEAVE TO FILE BRIEF AMICUS CURIAE AND BRIEF FOR AMICUS CURIAE MANUFACTURING CHEMISTS ASSOCIATION

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MOTION OF MANUFACTURING CHEMISTS ASSOCIATION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

Manufacturing Chemists Association ("MCA") hereby respectfully moves for leave to file a brief herein as *amicus curiae* in support of Petitioner's petition for certiorari. A copy of the brief it would file, if this motion is granted, is submitted herewith.

Counsel for Petitioner, Kewanee Oil Company, has consented to MCA's participation herein as *amicus curiae.*

The consent of counsel for Respondents has been requested, but refused.

MCA is a non-profit trade association of 171 companies, large and small, engaged in manufacturing industrial chemicals and allied products. MCA member companies represent more than 90 percent of the production capacity for basic industrial chemicals in this country. Total shipments of chemicals and allied products in 1972 were valued at more than $57,000,000,000.

The opinion of the Sixth Circuit at issue in this case holds that the Federal patent law (and the provision of the Constitution on which that law is based) preempt Ohio's trade secret law, and thus preclude a court from preventing the wrongful appropriation and use of secret discoveries which are "patentable" but which have not been patented.[1]

MCA has a vital interest in this case because chemical companies, many of which are located in the Sixth Circuit, rely heavily on the protection afforded their technological secrets by trade secret laws, and because the opinion of the Sixth Circuit, if not reversed, would destroy the value of that secret information. MCA members estimate that current technological secrets in their hands are valued at billions of dollars.

MCA seeks leave to file a brief *amicus curiae* in support of the petition for certiorari in order to bring before this Court the effect the opinion of the Sixth Circuit would have on the entire chemical industry, to stress the importance to the chemical industry that the opinion be reviewed by

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[1] The opinion of the Sixth Circuit applies to all discoveries of a patentable subject matter (*i.e.*, of a technological nature) even if they do not satisfy the criteria, such as nonobviousness, for the grant of a patent.

this Court, and to urge reasons why the petition for a writ of certiorari herein should be granted.

Respectfully submitted,

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BRIEF FOR AMICUS CURIAE MANUFACTURING CHEMISTS ASSOCIATION

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BRIEF FOR AMICUS CURIAE MANUFACTURING CHEMISTS ASSOCIATION

INTRODUCTION

Manufacturing Chemists Association ("MCA"), as an *amicus curiae* herein, strongly supports the petition for a writ of certiorari filed herein by Kewanee Oil Company, and urges this Court to grant that petition in order to resolve the major Constitutional issue posed by the opinion of the Court of Appeals for the Sixth Circuit, holding that

the Federal Constitution and the Federal patent law preempt Ohio's trade secret law. This decision is erroneous, and is in direct conflict with the rulings of the Courts of Appeals of four other Circuits.[1]

INTEREST OF MCA

MCA is a non-profit trade association of 171 companies, large and small, engaged in manufacturing industrial chemicals and allied products. MCA member companies represent more than 90 percent of the production capacity for basic industrial chemicals in this country. Total shipments of chemicals and allied products in 1972 were valued at more than $57,000,000,000.

The opinion of the Sixth Circuit (where many MCA member companies are located) would have a particularly drastic effect on chemical companies. Technology is their very business. Their profits are derived from advancing technology. In allocating large amounts of funds to technological research and innovation, chemical companies rely heavily on the sanctity of trade secrets. If the opinion of the Sixth Circuit is not reversed, it would seriously impair the value of existing technological secrets in the chemical industry—estimated by MCA's members to be worth billions of dollars—and would have a major adverse effect on the conduct of research in the future.

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[1] Because four other Circuits have held that State trade secret laws are not so preempted, if this Court should not grant the writ the short-term consequence of the Sixth Circuit's opinion would be to remove from companies to whom its decision applies the protection of trade secret laws, while their competitors which are subject to the law of other Circuits would have the benefit of trade secret laws. As discussed below, the resulting confusion and uncertainty are themselves reasons the writ should be granted. However, to demonstrate the critical importance of the question raised in this Court, MCA has in the pages that follow indicated the serious effect the opinion of the Sixth Circuit would have if it were adopted generally.

QUESTIONS PRESENTED

1. Whether, in view of the authority granted Congress by Art. I, § 8, cl. 8 of the Constitution to issue patents,[2] a State has been deprived of the power to protect unpatented secret technological information from being wrongfully appropriated to another's use.

2. Whether the Federal patent law, 35 U.S.C. § 100 *et seq.*, preempts a State trade secret law, thus prohibiting a court under the Supremacy Clause of the Constitution from applying that law to enjoin the disclosure or use of secret information which is obtained by improper means and which relates to a "patentable" but unpatented discovery.

3. Whether, even if the State's trade secret law is preempted by the Federal patent law and is unenforceable, a court is precluded from enforcing a separate and distinct contractual obligation not to disclose or use secret technological information.

REASONS THE WRIT SHOULD BE GRANTED

1. The opinion of the Court of Appeals for the Sixth Circuit poses a major Constitutional question—whether application of Ohio's trade secret law to "patentable"[3] but unpatented discoveries imposes such an obstacle to the operation of the Federal patent law as to invoke the Supremacy Clause of the Constitution.

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[2] "Section 8. The Congress shall have Power . . . .

"To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; . . ."

[3] As described below, the opinion of the Sixth Circuit applies to all discoveries of patentable subject matter under 35 U.S.C. § 101 (*i.e.*, of a technological nature) even if they do not satisfy the criteria, such as nonobviousness, for the grant of a patent.

2. This Constitutional question is not limited to the validity of the law of Ohio, but is raised by the similar trade secret laws of the other States. The question is, therefore, critically important to American business, particularly to the chemical industry. If not reversed, the opinion of the Sixth Circuit, wherever adopted, would totally nullify the protection which State laws afford secret technological information, and permit worldwide publication of secret technological information obtained by wrongful means. American industry has relied on this protection since the Constitution was adopted (and even before that time), and currently is relying on it in making major investment and other business decisions which directly affect vital concerns of the United States— the future course of its technology, its competitive position in the world, its balance of payments, and, in sum, the continued health of the American economy.

3. The decision of the Sixth Circuit and the reasoning behind it are — as that court itself expressly acknowledged — in direct conflict with the opinions entered by the Courts of Appeals for the Second, Fourth, Fifth and Ninth Circuits. Thus, those companies to which the Sixth Circuit opinon would apply would lose the benefit of trade secret protection, while their competitors which are subject to the law of other Circuits would have the benefit of such laws. Indeed, the latter companies could be free to appropriate the trade secrets of companies to which the Sixth Circuit's decision applies, while being immune from reciprocal action. In such circumstances, forum shopping would appear advantageous and would be encouraged. Because of the importance of the issue presented, the confusion which would be generated, and the inequity among competitors, this Court should resolve the conflict among the Circuits.

4. The result reached by the Sixth Circuit violates the precepts adopted by this Court, particularly those in its very recent opinion of *Goldstein* v. *California,* 41 U.S.L.W. 4829 (U.S. June 18, 1973).

ARGUMENT

A. TECHNOLOGICAL TRADE SECRETS WOULD BE IMMEDIATELY JEOPARDIZED BY THE SIXTH CIRCUIT'S OPINION.

Ohio's trade secret law provides that no person (a) "shall with intent to deprive or withhold from the owner thereof the control of a trade secret . . . obtain possession of . . . a trade secret" or (b) "having obtained possession of an article representing a trade secret or access thereto with the owner's consent, shall convert such article to his own use or that of another person . . . ."[4] Penalties are prescribed for violations of these provisions.[5] Injunctions may also be obtained; and, in particular, an employer may obtain an injunction to bar a former employee and his new employer (like Respondents in the instant case) from disclosing or using trade secrets secured by the departed employee in confidence during the course of his employment.[6]

The opinion of the Sixth Circuit holds that Ohio's trade secret law—and thus, if this opinion should be generally adopted, that of the other jurisdictions having similar laws —cannot be invoked to protect the secrecy of an invention which is "patentable" under the Federal patent law, but for which no patent application has been filed.[7]

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[4] 13 Ohio Rev. Code Ann. § 1333.51 (Supp. 1972). See also *W. R. Grace & Co.* v. *Hargadine*, 392 F.2d 9 (6th Cir. 1968) and authorities cited therein.

[5] 13 Ohio Rev. Code Ann. § 1333.99(E) (Supp. 1972).

[6] *Curry* v. *Marquart*, 133 Ohio St. 77, 79, 11 N.E.2d 868, 869 (1937).

[7] The opinion is purportedly "limited" to patentable trade secrets which have been in "public use" for a year or more and thus, under the terms of 35 U.S.C. § 102(b), cannot be awarded a patent. But this is not a limiting factor. Although there may be many reasons why a discovery is not patented, after a year of commercial use every trade secret which might otherwise be

It is apparent from the opinion, as well as from the briefs presented to the Sixth Circuit by the Bicron parties (Respondents herein), that by "patentable" the court intended to encompass all discoveries relating to the types of subject matter with which the patent law is concerned, even though, in actuality, they might not be eligible for the grant of a patent under the specific criteria of that law. In other words, the effect of its ruling is not limited to those particular inventions which, if pursued in the Patent Office, would result in the actual grant of a patent. As the court stated, its decision applies to inventions which are "appropriate *subjects for consideration* under the provisions of Title 35 U.S.C. § 101,"[8] which provides that a patent may be obtained, "subject to the conditions and requirements" of other sections, on "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof . . . ."

Because the opinion thus applies to anything and everything falling within the "subject matter" jurisdiction of the patent laws, it would, if not reversed, apply to every advance in technology and thus, in effect, destroy the value of all secret technological information.[9] It would, for instance, apply to every minor refinement in the design of a

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eligible will be ineligible for a patent on this ground. Moreover, the bar of § 102(b) is inapplicable to trade secrets which would not qualify for a patent, even if not in commercial use for a year; the Sixth Circuit's opinion is also applicable to such trade secrets, as discussed in text. Therefore, although it invoked the bar of § 102(b), the Sixth Circuit's opinion would destroy every technological trade secret except the very limited category of those which have not been in commercial use for a year, and only until that year has expired.

[8] Appendix to Petition for Writ of Certiorari, p. A7 (emphasis added).

[9] The decision, of course, does not apply to non-technological secrets, such as customer and supplier lists, marketing projections, and advertising strategies.

machine and to every small improvement in a manufacturing process, commonly referred to as "know-how"—which, although new, useful, and valuable, are not eligible for a patent because they are, in terms of the patent law, "obvious." In the chemical industry, where multistep processes and procedures are common, the judicious combination of "obvious" modifications in individual steps often entails the expenditure of considerable amounts of time and money and confers significant technical and economic advantages —and yet may not satisfy the technical requirements for a patent.

As a result of the instant opinion, employees who had learned secrets by virtue of their employment in a fiduciary capacity with the firm which had financed the discovery of the secrets would be free to leave that firm, taking its secrets with them, and to utilize that confidential information in competition against their former employer (as did the Respondent employees in the present case). Such use and disclosure would not be limited to the United States, and would result in the unjust enrichment of foreign competitors at the expense of American industry.

The decision would also reward the diverse other forms of improper conduct to which trade secret laws apply. For instance, the rationale of the opinion of the Sixth Circuit would prevent the application of the trade secret law to prohibit the use and disclosure of "patentable" but unpatented secrets obtained even by theft, and thieves would be free to use and disclose the fruits of their crimes. Indeed, if the opinion were to stand, one who steals trade secrets might also be free from punishment under the criminal laws.

It is apparent from the broad scope of technological information to which the Sixth Circuit's opinion would apply and from the wide range of improper conduct it would foster that, if it is not reversed, its effect would be devastating. If applied broadly, it could directly destroy the

value of billions of dollars of technological secrets, since they would immediately become subject to misappropriation with impunity. Its inevitable result would be the technological rape of the chemical and other vitally important segments of American industry.

An even more basic consequence of this destruction of trade secrets would be a reduction in the amount of research conducted in those areas of patentable subject matter where, although important advances are contemplated, the firm does not believe the results will qualify for a patent. A firm is not likely to spend millions of dollars to develop know-how—and the variety of minor improvements of that know-how which make it continuingly current and valuable—if the law will permit another person or company to pirate it. As a result, research efforts would be almost certainly reduced or at least focused primarily on areas which management believed would yield inventions that could be protected with patents.

The fact that an invention may satisfy the criteria for the grant of a patent does not necessarily mean that it is more valuable, or even more ingenious, than if a patent may not be granted. Thus, under the instant decision, the allocation of resources for research and development would be determined not by the requirements of technology and the discipline of economics, but by the arbitrary diktats of inflexible law.

The destruction of trade secret protection would place American companies at a severe disadvantage in relation to their competitors abroad, who would have free access to all technological secrets of American firms while maintaining the secrecy of their own. These foreign firms would also retain the incentive to continue investing in research in these areas, whereas the incentive of American companies to keep abreast would be reduced.

In brief, the decision of the Sixth Circuit, if not reversed, would result in the creation of an unprecedented rule of

law which would reward improper conduct, destroy secrets worth billions of dollars, curtail the development of technology, and damage the American economy. The decision should not be permitted to stand, and certainly should not be permitted to stand unreviewed by this Court.

B. THE OPINION OF THE SIXTH CIRCUIT IS ERRONEOUS AS A MATTER OF LAW.

There are two major lines of inquiry which must be pursued to determine if a State trade secret law is valid and can be given effect: (a) Does the State retain the authority to act on the subject matter, or is the matter exclusively within the jurisdiction of the United States? (b) If the State does have authority to act, would enforcement of its law pose an irreconcilable conflict with the operation of any Federal legislation in the field?

Article I, § 8, cl. 8, of the Constitution grants Congress the power "to promote the Progress of Science and useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries." It is axiomatic, of course—and the Constitution expressly so provides—that powers not vested in the Federal Government are reserved to the States. While Ohio could not enact a law granting inventors the exclusive right to their discoveries, as the Federal patent law does, this is not what it has done. Instead, it has adopted a trade secret law which prevents the use of secret information improperly obtained, but grants no exclusive right whatsoever. The Ohio law, in common with trade secret laws of other States, does not purport to, nor does it, preclude independent development and use of such information by others.

The issues presented by the Sixth Circuit's opinion are whether the State's exercise of its reserved power by promulgation of a trade secret law, or the application of standard contract law to enforce a private agreement to maintain secrecy, poses irreconcilable conflicts with the patent

law adopted by Congress pursuant to Art. I, § 8, cl. 8. MCA submits, for the reasons discussed below, that if this Court grants review, it would determine that State trade secret laws do not conflict with and are not preempted by the Federal patent law or the policies of Art. I, § 8, cl. 8, and that *a fortiori* a court is not barred from enforcing a private contract.[10]

1. Trade Secret Laws Do Not Conflict With the Patent Law.

A State law does not violate the Supremacy Clause of the Constitution, and is not preempted by a Federal statute, unless it is an obstacle to fulfilling the purposes and objectives of Congress. Preemption lies only if the nature of the regulated subject permits no other conclusion, or if Congress has unmistakably so ordained. *Florida Lime & Avocado Growers, Inc.* v. *Paul*, 373 U.S. 132 (1963); *Goldstein* v. *California, supra.* As shown below, Congress has expressed no intent that the patent law preempt State trade secret laws; nor does the enforcement of such laws conflict with the operation of the patent law.

The fact that the Congress has not intended the patent law to preempt State trade secret laws is evidenced by the numerous instances in which by legislation Congress has expressly recognized the existence of trade secrets and the importance of protecting them.[11] Perhaps most probative

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[10] Because the Sixth Circuit opinion did not discuss the question of enforcing the contract to maintain secrecy, but limited its decision to the application of Ohio's trade secret law, and because the latter question itself warrants grant of the writ, this brief will not discuss what would seem to be the different considerations presented by the equally erroneous failure of the Sixth Circuit to enforce the contract.

[11] See 5 U.S.C. § 552(b)(4); 15 U.S.C. §§ 46(f), 78x(a), 1193(c), 1263(h), 1401(e); 21 U.S.C. §§ 331(j), 458(a)(5); 33 U.S.C.A. §§ 1320(d), 1369 (Supp. 1973); 35 U.S.C. § 122; 42 U.S.C. §§ 263i(e), 1857f-6(b).

See generally, Milgrim, *Trade Secrets* §§ 6.02, 6.03 (1973).

of Congressional intent is the fact that even in the patent law itself Congress has recognized the validity of trade secrets and has acted to preserve them. Section 122 of the patent law, 35 U.S.C. § 122, provides specifically that applications for patents shall be maintained in secrecy (which secrecy may be breached only in unusual circumstances).

This secrecy is necessary to protect inventors who ultimately obtain a patent from premature disclosure of their inventions during the pendency of their application, *Lear, Inc.* v. *Adkins*, 395 U.S. 653, 671 (1969). But Section 122 is not so limited, and applies even if the application ultimately is denied or abandoned, *Sears* v. *Gottschalk*, 178 U.S.P.Q. 33 (E.D. Va. April 26, 1973).

By this provision, therefore, Congress evidenced its intent to protect trade secrets relating to all discoveries of patentable subject matter—including those which are not sufficiently novel to justify the grant of a patent and those which are not patented because the applicant abandons his application for any reason. In other words, Section 122 recognizes the patent applicant's option to retain his invention as a trade secret even if a patent is not granted. Clearly, this discloses no intent by Congress to preempt the long-standing laws relating to trade secrets.

Nor does enforcement of the State trade secret laws pose any obstacle to the application of the patent law.

The Federal patent law promotes the Constitutionally stated policy of fostering inventions by granting exclusive rights in the form of patents as the *quid pro quo* for the disclosure and publication of the information patented. If a State should grant a patent—or other form of exclusive right to an invention—it would interfere with the Federal law's effort to promote uniform standards for the types of discovery which are entitled to this kind of protection. Moreover, if a State should attempt to reach the same result by indirect means—as by prohibiting anyone from

copying a product that was known to the public, thus giving the first user an exclusive right—it would also interfere with the patent law. *Sears, Roebuck & Co.* v. *Stiffel,* 376 U.S. 225 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.,* 376 U.S. 234 (1964).

But the trade secret law does not provide such rights. It does not grant exclusive rights or a monopoly. It does not protect information known to the public. On the contrary, it protects only secrets.

A State law which protects trade secrets from misappropriation does not grant an inventor exclusive rights, as that term is used by the Constitution and as it is reflected in the Federal patent law—which specifically grants the successful inventor an exclusive monopoly in the United States for a stated period of time. Under the patent law, another inventor who makes the same discovery is unable to use it, even if he did not copy the patented invention in any way, or even know of its existence. A trade secret law, on the other hand, grants no protection against anyone making the same discovery independently. It provides only that the secret information cannot be taken from its owner by improper means—breach of contract, theft, or breach of trust.[12]

The Federal patent law requires that in exchange for the grant of a patent, the information will be made public, *Scott Paper Co.* v. *Marcalus Mfg. Co.,* 326 U.S. 249, 255 (1945). But if one is willing to forego a patent or, with respect to inventions which do not satisfy the statutory criteria, is not able to obtain a patent, no law or policy requires that his discovery be made public. "He may keep his invention secret and reap its fruits indefinitely," *United States* v. *Dubilier Condenser Corp.,* 289 U.S. 178, 186

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[12] See, *e.g.*, Doerfer, *The Limits on Trade Secret Law Imposed by Federal Patent and Antitrust Supremacy,* 80 Harv. L. Rev. 1432, 1448 (1967); Restatement of Torts, § 757, and Comment (1939).

(1933). And a State law which protects only the secrecy of such information in no way conflicts with the operation of the patent law.

Indeed, Congress has provided criminal sanctions against Federal employees who wrongfully disclose trade secrets, 18 U.S.C. § 1905, and, as noted earlier, has acted to preserve the confidentiality of trade secrets by many statutes in many different contexts.

That the patent law compels publication as the condition of the grant of a patent does not mean that Congress sought the publication of all technological knowledge. On the contrary, it indicates that Congress recognized that nonpatented information could remain secret, for why else would it require the publication of secrets that are patented?

Indeed, if Congress had explicitly decreed that all inventions or innovative information must be made public, the action would have exceeded the authority granted to it by Art. I, § 8, cl. 8. That provision authorizes Congress only to grant inventors an exclusive right in their discoveries—not to decree that all technological information be public and shared in common. The courts cannot give the patent law an effect which would be beyond the authority of Congress if Congress had sought to reach that result directly.

To be sure, the trade secret law may have a narrowly circumscribed effect which is similar to that of the patent law—*e.g.*, if (and only for so long as) no other person makes the same discovery, no one but the inventor or owner will have the use of the particular invention. However, this results not from the grant of an exclusive right but from the failure of others legitimately to make the discovery. It is not a necessary consequence of the trade secret law, as it is of the patent law.

The law of trade secrets also may have to some degree the same purpose as the patent law—to promote discovery. Even so viewed, however, there would be no conflict, for

the question is not whether the State is seeking to promote the same goals as Congress, but whether the means it utilizes conflict with those employed by Congress, *Florida Lime & Avocado Growers, Inc.* v. *Paul, supra,* at 142. The trade secret laws, as described above, are entirely different in their operation and effect from the patent law and pose no obstacle to its operation; moreover they are chiefly designed to foster the "old fashioned" commercial values of good faith, honesty, and fair dealing.[13]

Contrary to the statement of the Sixth Circuit—apparently based on a statement attributed to counsel for Petitioner (for which there is no factual basis in the Record)—reliance by inventors on trade secret laws instead of the patent law is not for the purpose of preserving a "monopoly" for more than the 17-year patent period. As noted above, *the trade secret laws do not in fact grant a monopoly for any period.* Nor would it be reasonable for inventors to expect that they will be able to maintain the secret for as long as 17 years. Finally, even if secrecy were maintained for that long, in very few instances would technological progress be so slow that the secret would still be valuable.

Thus, even where the State trade secret law grants a form of protection—but entirely different from that provided by the patent law—to inventions which could have been patented but were not, proper Constitutional interpretation would require that it not be rendered inoperative by preemption. *A fortiori* this is true where, under the broad ambit of the instant opinion, the invention is in the category of patentable subject matter but would not have qualified for a patent. For in such cases, the patent law would not even be operative, and the State trade secret law certainly would not conflict with it.

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[13] See, *e.g., Du Pont Powder Co.* v. *Masland,* 244 U.S. 100, 102 (1917); Restatement of Torts, § 757, Comment (a) (1939).

2. Four Other Circuits Have Ruled That Trade Secret Laws Are Not Preempted.

Every Court of Appeals which has faced the question (other than the Sixth Circuit) has ruled that the patent law does not preempt State trade secret laws. On two separate occasions the Sixth Circuit's opinion cites contrary opinions of the four other circuits which have considered the question, and each time it acknowledges that its decision is in conflict with those decisions.[14] In two of these four cases this Court was asked to grant certiorari but declined, thereby leaving in effect, in each instance, a decision contrary to the instant opinion.

The thrust of these four other decisions is perhaps best summarized by Judge Friendly in the Second Circuit:

> "We therefore do not find, either in general considerations of public policy or in emanations from the federal patent law, a sufficient basis for declining to enforce even the royalty provisions of trade secret agreements, at least with respect to cases where no patent application has been filed. . . . [A]n inventor who chooses to exploit his invention by private arrangements is entirely free to do so, though in so doing he may thereby forfeit his right to a patent. Although the [Supreme] Court stated [in *Lear, Inc.* v. *Adkins*, 395 U.S. at 668] that 'federal law requires that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent,' . . . it did not say or suggest that federal law requires that all ideas must be put in general circulation." [15]

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[14] Appendix to Petition for Writ of Certiorari, pp. A8, A25. The four cases are: *Servo Corp. of America* v. *General Electric Co.*, 337 F.2d 716 (4th Cir. 1964), *cert. denied* 383 U.S. 934 (1966); *Dekar Industries, Inc.* v. *Bissett-Berman Corp.*, 434 F.2d 1304 (9th Cir. 1970), *cert. denied* 402 U.S. 945 (1971); *Water Services, Inc.* v. *Tesco Chemicals, Inc.*, 410 F.2d 163 (5th Cir. 1969); *Painton & Co.* v. *Bourns, Inc.*, 442 F.2d 216 (2d Cir. 1971).

[15] *Painton & Co.* v. *Bourns, Inc.*, *supra*, at 225.

3. There Is No Support in This Court's Opinions for the Result Created by the Sixth Circuit.

The opinion of the Sixth Circuit was premised on the belief that it was consistent with this Court's opinions in *Sears, Roebuck & Co.* v. *Stiffel*, 376 U.S. 225 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964); and *Lear, Inc.* v. *Adkins*, 395 U.S. 653 (1969). Yet these opinions dealt with entirely different questions.

Sears and *Compco* involved the question, referred to above, whether a State could—by laws other than trade secret laws—grant a monopoly as to information *which was in the public domain* (there the design of a product in general circulation). As this Court said in *Lear*, citing *Sears* and *Compco*, "federal law requires that all ideas *in general circulation* be dedicated to the common good unless they are protected by a valid patent." 395 U.S. 653, at 668 (emphasis added).

In other words, while *Sears* and *Compco* dealt with subject matter in the public domain, the trade secret laws serve only to protect secret information from misappropriation. Such laws are thus sharply distinguishable from the situation in these two cases.

Nor did *Lear* involve trade secret laws. At issue there was an aspect of the administration of the patent law, *i.e.*, whether State contract law could be enforced to require a licensee to pay royalties for the use of an invention covered by an invalid patent while he was contesting the validity of the patent. Even the concurring opinion of Justice Black, joined by Chief Justice Warren and Justice Douglas, indicated that the patent law does not preclude a State from assisting an inventor in keeping his discovery secret, 395 U.S. at 677.

This Court, on at least two prior occasions, each time per Holmes, J., has upheld the protection of trade secrets, *DuPont Powder Co.* v. *Masland*, 244 U.S. 100 (1917); *Becher* v. *Contoure Laboratories*, 279 U.S. 388 (1929). And

in an earlier opinion, *Board of Trade of City of Chicago* v. *Christie Grain & Stock Co.*, 198 U.S. 236, 250 (1905), Justice Holmes summarized the basic principle of a trade secret (in that case, plaintiff's collection of market quotations) as follows:

> "The plaintiff has the right to keep the work which it has done, or paid for doing, to itself. The fact that others might do similar work, if they might, does not authorize them to steal the plaintiff's." [16]

In the very recent opinion of *Goldstein* v. *California*, *supra*, this Court upheld a California statute which in effect granted a State copyright on recordings even though the Federal copyright law at the time could have, but did not, provide such protection. The protection provided by California for recordings was the same as that which the Federal copyright law gave other "writings" and would have provided for recordings if they had been covered by the Federal law before 1972. Nevertheless, this Court recognized that the California statute did not create any conflict with the operation of the Federal copyright law.[17]

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[16] Indeed this Court itself recently has acted to protect the confidentiality of trade secrets. Rule 508 of the Proposed Rules of Evidence for United States Courts and Magistrates provides as follows:

> "A person has a privilege, which may be claimed by him or his agent or employee, to refuse to disclose and to prevent other persons from disclosing a trade secret owned by him, if the allowance of the privilege will not tend to conceal fraud or otherwise work injustice." 56 F.R.D. 183, 249-250 (1972).

See also, Fed. R. Civ. Pro. 26(c)(7).

[17] In reaching its result in *Goldstein*, this Court distinguished *Sears* and *Compco* on the ground that, since Congress had drawn a balance in the area of "mechanical configurations" as to which articles it sought to protect under the patent law and which it wished to remain free, the State could not protect those articles which Congress has specifically elected not to. Yet, as discussed above, *Sears* and *Compco* held only that states could not protect, with a monopoly, information that was *in the public domain;* they

That the Ohio trade secret law is not preempted follows *a fortiori*. The trade secret law safeguards unpatented discoveries—*i.e.*, items which are not protected by the patent law, like the recordings in *Goldstein*. In addition, totally unlike the California law, it provides an entirely different kind of protection from that offered by the Federal law.

CONCLUSION

For the reasons set forth above, MCA submits that the instant opinion presents major Constitutional issues of great economic and technological importance, and that this Court should therefore issue a writ of certiorari to the Sixth Circuit.

Respectfully submitted,

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did not, as Judge Friendly pointed out, hold that nonpatented information must be made public. Nor, also as discussed above, did they bear on the nonmonopoly protection afforded by trade secret laws.

In any event, the writ should be granted also to resolve any questions as to the teachings of *Sears* and *Compco* which may have been raised by this Court's dictum discussion thereof in *Goldstein*.